

STATEMENT OF PURPOSE**RS21650**

Under current law, large employers must remit income tax withheld on a pay period schedule that overlaps two calendar months. This split monthly filing results in a fiscal reporting year of January 16 in one year to January 15 of the next year. Because employee W-2 reporting is done on a calendar year basis, these employers must file a more complex annual form to reconcile calendar year W-2 information with the fiscal year withholding reporting period. These reconciliations are difficult for taxpayers to prepare and for the Commission to review and process. The forms have a 92% error rate and can take several years to correct.

The bill aligns the reporting and paying of Idaho income tax withheld with the same reporting period for the employee W-2's. Employers would report and pay income tax withheld between the first and fifteenth of each month by the twentieth of the same month and report and pay income tax withheld between the sixteenth and end of the month by the fifth of the following month.

FISCAL NOTE

This bill has no fiscal impact.

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